

April 28, 2006

Docket Clerk  
Fruit & Vegetable Programs AMS, U.S.D.A.  
1400 Independence Avenue, SW  
Mail Stop 0243  
Washington, DC 20250-0243

Re. Docket Number FV06-1290-1PR  
FR Vol. 71, No. 76, pages 20353-20357

To Whom It May Concern:

On behalf of the 5,300 growers and the 45 handlers/processors/marketers represented by the California Walnut Commission, I am submitting this written comment based on the above-mentioned proposed rule relating to the Specialty Crop Block Grant Program.

We should like to point out that the California walnuts industry produces virtually all of the nation's supply of English walnuts. The farm gate value of the 2006/07 crop is projected to be \$575,000,000. Approximately 45% of the crop is exported helping the US balance of trade and more than 50,000 people are employed directly and indirectly by the industry.

The California Walnut Commission has been among the leaders within commodity groups in promoting a healthy diet in keeping with USDA's Dietary Guidance, published in 2005. Our scientific data base is second to none and in fact, walnuts were allowed the first health claim for a naturally occurring whole food from the FDA.

We commend the Agricultural Marketing Service for proposing a regulation that is intended to increase the competitiveness of specialty crop agriculture in the U.S.A. and bring some clarity on how any future block grant program would be administered. We understand the delicate balance that must be struck to maintain the requisite amount of flexibility but also have some baseline rules on the use of these federal dollars. It is very important to note however that there are many diverse views within specialty crop agriculture on whether a block grant program to states is the most effective delivery system to increase the competitiveness of specialty crops. Many commodities believe there are many other programs that are as effective as or more effective than block grants to States. This is a debate that is now underway in the specialty crop industry as we all prepare for the consideration of a new farm bill in 2007. Notwithstanding the above and assuming an authorization for a block grant program is in place, we want to specifically comment on §1290.4(a) of the proposed regulation.

Sec. 1290.4(a) deals with the eligibility of projects under the program and specifically provides that priority be given to "fresh" specialty crop projects. We assume therefore that specialty crops that are canned, dried, frozen or processed in any other way would not enjoy such a priority and would therefore benefit differently and in a diminished way from fresh specialty crops.

Based on this assumption, we must question the logic behind this provision that was included in the proposed rule. Nowhere in the statutory definition of specialty crops does the definition differentiate between “fresh” and other fruits and vegetables whether they are canned, dried, frozen or in any other way processed.

Moreover, the authorizing legislation, the Specialty Crop Competitiveness Act of 2004 (7 USC 1621) makes no such distinction nor confers any priority on “fresh” specialty crops. Further, the National 5 a Day for Better Health program recognizes dried, canned and otherwise processed foods.

When this bill was originally debated in Congress, it started out as a “fresh produce” bill but was quickly expanded to include all specialty crops and for very good reasons. Not only did the broadening of the legislation expand the necessary support for the bill, but it was recognized that there was a canned, dried, frozen or further processed crop industry attached to all “fresh” commodities. More importantly, it was recognized that in order to truly enhance the competitiveness of specialty crops, a more cohesive industry position needed to emerge before Congress instead of the historic petty differences between crops. Finally, individual members of Congress did not want to be in a position of picking winners and losers in their respective districts depending on whether you were in a fresh commodity versus a processed commodity or both.

It is not at all clear why AMS seeks to establish this priority, on its own initiative, given the statutory definitions and the debate surrounding the Specialty Crops Competitiveness Act of 2004. In fact, this action directly conflicts with the 2005 Dietary Guidelines for Americans issued by USDA which recommends the consumption of a variety of fruits and vegetables without distinguishing between fresh, frozen, canned or dried products. It also ignores statements from numerous organizations including the American Dietetic Association and American Institute for Cancer Research that recognize canned and frozen fruits are as nutritious as fresh fruits-sometimes even more so.

We believe that the Department’s emphasis should be promoting a well rounded nutritious diet for all Americans, and not singling out one category of fruits and vegetables. Walnuts are an important addition to a healthy diet and in many respects they are more nutritious than the majority of “fresh” products. Perhaps designating these funds to promote a diet consistent with USDA’s current dietary guidance should be considered, acknowledging current and emerging science. However, creating a priority for one type of specialty crop over another in a block grant program without a statutory directive to do so represents very poor public policy. We respectfully request that this priority be removed from any final rule the agency seeks to promulgate.

Respectfully submitted,

Dennis A. Balint  
CEO